

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION 500 WEST TEMPLE STREET, ROOM 525 LOS ANGELES, CALIFORNIA 90012-2766 PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY AUDITOR-CONTROLLER

October 27, 2005

TO: Supervisor Gloria Molina, Chair

Supervisor Yvonne B. Burke Supervisor Zev Yaroslavsky

Supervisor Don Knabe

Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley

Auditor-Controller

SUBJECT: OPTIONS CONTRACT REVIEW - CALWORKS STAGE 1 CHILD CARE

**SERVICE CONTRACTOR** 

We have completed a contract compliance review of Options (Options or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

#### **Background**

The Department of Public Social Services (DPSS) contracts with Options, a private, non-profit, community-based organization that assists parents with child care services. The Agency's services include determining participants' presumptive eligibility, explaining participants' child care options and program rights, providing consumer education information, child care referrals upon request, and paying the daycare service providers. The Agency is located in the First, Fourth and Fifth Districts.

DPSS pays Options a negotiated rate of approximately \$125 per case per month. DPSS also pays Options a fixed monthly fee of approximately \$12,000 per month to fund three staff located at DPSS offices and approximately \$9,000 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$1.1 million.

#### Purpose/Methodology

The purpose of the review was to determine whether Options provided the services outlined in their Program Statement and County contract. We also evaluated Options' ability to achieve planned service and staffing levels. Our monitoring visit included a review of Agency's billing statements, participant case files, provider files, provider payment requests, time records, and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

#### **Results of Review**

Options provided services required by the County contract using the appropriate number of staff. The program participants stated that the services they received from Options generally met their expectations. In addition, Options staff possessed the qualifications required by the County contract.

For 18 (11%) of the 161 retroactive authorizations reviewed, Options billed DPSS for enhanced referrals and re-billed DPSS for the same services as retroactive payments the following month. The amount that Options over billed DPSS totaled \$2,242. Options stated that the over billings were made in error and would repay DPSS the \$2,242.

The details of our review, along with recommendations for corrective action, are attached.

#### **Review of Report**

On September 8, 2005, we discussed our report with Options' management who agreed with the findings. In their attached response, Options' management indicated that they implemented the recommendations and repaid DPSS the over billing. We also notified DPSS of the results of our review.

We thank Options for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

#### Attachment

c: David E. Janssen, Chief Administrative Officer
 Bryce Yokomizo, Director, Department of Public Social Services
 Cliff Marcussen, Executive Director, Options
 Public Information Office
 Audit Committee

# COUNTYWIDE CONTRACT MONITORING DIVISION CalWORKS STAGE 1 CHILD CARE PROGRAM FISCAL YEAR 2004-2005 OPTIONS

#### BILLED SERVICES/CLIENT VERIFICATION

#### Objective

Determine whether Options (Options or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

#### Verification

We reviewed 100 program participant case records assigned to Options during January and February 2005 to verify that the program participants were eligible to receive child care services and the Agency complied with the County contract. We also interviewed 73 program participants and 80 daycare providers to ensure that the participants and the providers received the child care services. Our sample represented \$24,916 (16%) of \$159,712 that Options billed the Department of Public Social Services (DPSS) for the review period.

#### **Results**

The participants interviewed stated that the services generally met their expectations and that Options explained participant's child care options and program rights and provided consumer education information. The 80 service providers interviewed also stated that Options authorized and paid for child care services.

However, for 18 (11%) of the 161 retroactive authorizations reviewed, Options billed DPSS for enhanced referrals and re-billed DPSS for the same services the following month. Options stated that the over billings were an error and would repay DPSS the \$2,242.

#### Recommendations

#### **Options management:**

- 1. Implement controls to prevent billing DPSS twice for the same services.
- 2. Repay DPSS the amount over billed of \$2,242.

Options Page 2

#### STAFFING/CASELOAD LEVELS

#### **Objective**

Determine whether Options' actual service and staffing levels did not significantly vary from planned levels.

#### Verification

We interviewed 11 Options' staff and reviewed Options employee roster. In addition, we reviewed invoices for January and February 2005 and compared them to the Agency's proposed service levels for the same period.

#### **Results**

Options' reported service levels for January and February 2005 averaged approximately 641 participant cases per month. This represents a decrease of 24% from the budgeted participant service levels of 847 participant cases per month. The decrease is due to a reduction in the number of cases referred to the Agency by DPSS. The Agency's actual staffing level of 25 Full Time Equivalent (FTE) staff was approximately 4% below the planned staffing levels of 26 FTE staff. Although the caseload and staffing levels have decreased disproportionately, the overall effect does not impact the level of services provided by the contractor or the corresponding rates charged.

#### **Recommendation**

There are no recommendations for this section.

#### **STAFFING QUALIFICATIONS**

#### **Objective**

Determine whether Options' staff possessed the qualifications required by the contract.

#### Verification

We reviewed the personnel files for 12 staff out of a total of 46 staff for documentation to confirm staff qualifications.

#### **Results**

Each staff sampled met the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Options Page 3

### **Recommendation**

There are no recommendations for this section.

## PTIONS - CHILD CARE SERVICES DIVISION

September 20, 2005

#### **BOARD OF DIRECTORS**

Mary Pat Crippen
Pat Huffman
Maria Peacock
Haskel Simonowitz
Barbara Tyler

EXECUTIVE DIRECTOR

Cliff C. Marcussen

CHILD CARE SERVICES DIRECTOR

Kelly O'Connell

RESOURCE & REFERRAL COORDINATOR

SUBSIDIZED PROGRAMS COORDINATOR

Candy Meade

FAMILY CHILD CARE NUTRITION PROGRAM COORDINATOR

Terry M. Talavera

J. Tyler McCauley Los Angeles County Auditor-Controller 500 W. Temple, Room 525 Los Angeles, CA 90012

Dear Mr. McCauley:

#### Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations. We have already addressed the recommendations and have implemented a double-check process to prevent double billings, and the \$2,242 overbilling has already been payed back to DPSS.

Please contact me if you have further questions at (626) 856-5900.

Kelly O'Carrell

Sincerely,

Kelly O'Connell

Associate Executive Director

c.c. Ruchika Bharadwaj Cliff Marcussen, Options